



ANNUAL STATEMENT
For the Year Ending December 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
TOTAL HEALTH CARE USA, INC.

NAIC Group Code	1238 (Current Period)	1238 (Prior Period)	NAIC Company Code	12326	Employer's ID Number	38-3240485
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	02/18/1994		Commenced Business	02/18/1994		
Statutory Home Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)		DETROIT, MI 48202 (City or Town, State and Zip Code)			
Main Administrative Office	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI 48202 (City or Town, State and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Mail Address	3011 W. GRAND BLVD., SUITE 1600 (Street and Number or P.O. Box)		DETROIT, MI 48202 (City or Town, State and Zip Code)			
Primary Location of Books and Records	3011 W. GRAND BLVD., SUITE 1600 (Street and Number)					
	DETROIT, MI 48202 (City or Town, State and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Internet Website Address	TOTALHEALTHCAREONLINE.COM					
Statutory Statement Contact	GERARD A HAMANN, CFO (Name)		(313)871-7879 (Area Code)(Telephone Number)(Extension)			
	GHAMANN@THC-ONLINE.COM (E-Mail Address)		(313)871-7406 (Fax Number)			

OFFICERS

Name	Title
LYLE EDWARD ALGATE	EXECUTIVE DIRECTOR
KATHY KATHER	SECRETARY
DOUGLAS PAUL BAKER	TREASURER #
ROBYN JAMES ARRINGTON JR., M.D.	MEDICAL DIRECTOR

OTHERS

DIRECTORS OR TRUSTEES

DOUGLAS PAUL BAKER # KATHY KATHER
RUBY COLE

State of Michigan
County of WAYNE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) LYLE EDWARD ALGATE (Printed Name) 1. EXECUTIVE DIRECTOR (Title)	(Signature) KATHY KATHER (Printed Name) 2. SECRETARY (Title)	(Signature) DOUGLAS BAKER (Printed Name) 3. TREASURER (Title)
Subscribed and sworn to before me this day of , 2009	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
(Notary Public Signature)		

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	2,121,251		2,121,251	80,000
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....3,546,646 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....7,724,012 Schedule DA)	11,270,658		11,270,658	14,241,697
6.	Contract loans (including \$.....0 premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	13,391,909		13,391,909	14,321,697
11.	Title plants less \$.....0 charged off (for Title insurers only)				
12.	Investment income due and accrued	108,297		108,297	4,814
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection	1,354,122	146,146	1,207,976	743,463
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers	184,036		184,036	
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....0)				
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	32,232		32,232	
22.	Health care (\$.....395,831) and other amounts receivable	397,338	54,670	342,668	81,716
23.	Aggregate write-ins for other than invested assets	89,491	89,491		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	15,557,425	290,307	15,267,118	15,151,690
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	15,557,425	290,307	15,267,118	15,151,690
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Other Non Admitted	89,491	89,491		
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	89,491	89,491		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded)	7,212,592		7,212,592	3,581,969
2.	Accrued medical incentive pool and bonus amounts	91,026		91,026	275,973
3.	Unpaid claims adjustment expenses	140,792		140,792	79,785
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	1,158,410		1,158,410	1,023,503
9.	General expenses due or accrued	174,724		174,724	
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittances and items not allocated				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured plans				
21.	Aggregate write-ins for other liabilities (including \$.....0 current)	1,000		1,000	127,933
22.	Total liabilities (Lines 1 to 21)	8,778,544		8,778,544	5,089,163
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X		
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	6,273,089	5,319,089
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	215,485	4,743,438
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0)	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	6,488,574	10,062,527
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	15,267,118	15,151,690
DETAILS OF WRITE-INS					
2101.	Accrued Other	1,000		1,000	1,000
2102.	Broker Commissions				126,933
2103.	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	1,000		1,000	127,933
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	177,574	126,669
2.	Net premium income (including \$.....0 non-health premium income)	X X X	41,425,068	27,904,252
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$.....0 medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	41,425,068	27,904,252
Hospital and Medical:				
9.	Hospital/medical benefits		27,449,960	16,025,277
10.	Other professional services		4,843,720	968,923
11.	Outside referrals			
12.	Emergency room and out-of-area		2,742,419	1,325,874
13.	Prescription drugs		4,318,139	2,607,421
14.	Aggregate write-ins for other hospital and medical		18,551	357,289
15.	Incentive pool, withhold adjustments and bonus amounts		(237,507)	205,405
16.	Subtotal (Lines 9 to 15)		39,135,282	21,490,189
Less:				
17.	Net reinsurance recoveries		233,507	
18.	Total hospital and medical (Lines 16 minus 17)		38,901,775	21,490,189
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses		141,886	92,993
21.	General administrative expenses		7,011,370	4,609,304
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		46,055,031	26,192,486
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(4,629,963)	1,711,766
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		348,819	302,069
26.	Net realized capital gains (losses) less capital gains tax of \$.....0			
27.	Net investment gains (losses) (Lines 25 plus 26)		348,819	302,069
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(4,281,144)	2,013,835
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	(4,281,144)	2,013,835
DETAILS OF WRITE-INS				
0601.	.....	X X X		
0602.	.....	X X X		
0603.	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	.....	X X X		
0702.	.....	X X X		
0703.	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Other Expense		18,551	357,289
1402.	.....		
1403.	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		18,551	357,289
2901.	.....		
2902.	.....		
2903.	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	10,062,527	4,200,819
34.	Net income or (loss) from Line 32	(4,281,144)	2,013,835
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(246,808)	28,784
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in	954,000	3,819,089
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	(3,573,952)	5,861,708
49.	Capital and surplus end of reporting year (Line 33 plus 48)	6,488,575	10,062,527
DETAILS OF WRITE-INS			
4701.	.....	
4702.	.....	
4703.	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	40,950,619	28,643,309
2.	Net investment income	245,336	308,840
3.	Miscellaneous income	(314,115)	47,228
4.	Total (Lines 1 through 3)	40,881,840	28,999,377
5.	Benefit and loss related payments	35,640,135	21,025,771
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	7,092,249	4,694,057
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	42,732,384	25,719,828
11.	Net cash from operations (Line 4 minus 10)	(1,850,544)	3,279,549
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	80,000	355,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	80,000	355,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	2,112,000	
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications	9,251	
13.7	Total investments acquired (Lines 13.1 to 13.6)	2,121,251	
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(2,041,251)	355,000
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock	954,000	3,819,089
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(33,244)	196,766
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	920,756	4,015,855
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,971,039)	7,650,404
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	14,241,697	6,591,293
19.2	End of year (Line 18 plus Line 19.1)	11,270,658	14,241,697

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	During 2007, an agreement was negotiated with Total Health Care, Inc. (CARE), parent company of USA, whereby medical cost savings realized by USA under its blended provider contracts negotiated in conjunction with CARE would be shared with CARE. Refer		
20.0002	to Footnote 10 for further details. During 2007 there was an adjustment for #3,819,089 which has been recorded as a increase of Hospital and Medical Expense.		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income	41,425,068	41,425,068								
2.	Change in unearned premium reserves and reserve for rate credit										
3.	Fee-for-service (net of \$.0 medical expenses)										X X X
4.	Risk revenue										X X X
5.	Aggregate write-ins for other health care related revenues										X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	41,425,068	41,425,068								
8.	Hospital/medical benefits	27,449,960	27,449,960								X X X
9.	Other professional services	4,843,720	4,843,720								X X X
10.	Outside referrals										X X X
11.	Emergency room and out-of-area	2,742,419	2,742,419								X X X
12.	Prescription drugs	4,318,139	4,318,139								X X X
13.	Aggregate write-ins for other hospital and medical	18,551	18,551								X X X
14.	Incentive pool, withhold adjustments and bonus amounts	(237,507)	(237,507)								X X X
15.	Subtotal (Lines 8 to 14)	39,135,282	39,135,282								X X X
16.	Net reinsurance recoveries	233,507	233,507								X X X
17.	Total hospital and medical (Lines 15 minus 16)	38,901,775	38,901,775								X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.0 cost containment expenses	141,886	141,886								
20.	General administrative expenses	7,011,370	7,011,370								
21.	Increase in reserves for accident and health contracts										X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	46,055,031	46,055,031								
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(4,629,963)	(4,629,963)								
DETAILS OF WRITE-INS											
0501.	.....										X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)										X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Other Expense	18,551	18,551								X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	18,551	18,551								X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical)	41,643,017		217,949	41,425,068
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other health				
9.	Health subtotal (Lines 1 through 8)	41,643,017		217,949	41,425,068
10.	Life				
11.	Property/casualty				
12.	TOTALS (Lines 9 to 11)	41,643,017		217,949	41,425,068

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	36,056,281	36,056,281								
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	233,507	233,507								
1.4 Net	35,822,774	35,822,774								
2. Paid medical incentive pools and bonuses	212,802	212,802								
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	7,212,592	7,212,592								
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	7,212,592	7,212,592								
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	91,026	91,026								
6. Net healthcare receivables (a)	314,115	314,115								
7. Amounts recoverable from reinsurers December 31, current year	184,036	184,036								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	3,581,969	3,581,969								
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	3,581,969	3,581,969								
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	275,973	275,973								
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	39,372,789	39,372,789								
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	417,543	417,543								
12.4 Net	38,955,246	38,955,246								
13. Incurred medical incentive pools and bonuses	27,855	27,855								

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	1,272,748	1,272,748								
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,272,748	1,272,748								
2. Incurred but Unreported:										
2.1 Direct	5,939,844	5,939,844								
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	5,939,844	5,939,844								
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS										
4.1 Direct	7,212,592	7,212,592								
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	7,212,592	7,212,592								

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)	3,503,728	31,739,569	200,000	7,012,592	3,703,728	3,581,969
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	3,503,728	31,739,569	200,000	7,012,592	3,703,728	3,581,969
10.	Healthcare receivables (a)						
11.	Other non-health						
12.	Medical incentive pool and bonus amounts	47,473	165,329		91,026	47,473	275,973
13.	TOTALS (Lines 9 - 10 + 11 + 12)	3,551,201	31,904,898	200,000	7,103,618	3,751,201	3,857,942

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005	X X X	1,691	3,116	3,102	3,167
4.	2006	X X X	X X X	15,603	17,760	19,047
5.	2007	X X X	X X X	X X X	18,739	26,391
6.	2008	X X X	X X X	X X X	X X X	31,740

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005	X X X	3,167	3,141	3,128	3,167
4.	2006	X X X	X X X	18,972	17,860	19,297
5.	2007	X X X	X X X	X X X	22,497	29,353
6.	2008	X X X	X X X	X X X	X X X	38,844

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2005	4,292	3,167 .....	.....	.....	3,167	73.788 .....	.....	.....	3,167	73.788
3.	2006	24,728	19,047 .....	.....	.....	19,047	77.026 .....	.....	.....	19,047	77.026
4.	2007	27,904	26,391 .....	.....	.....	26,391	94.578	200	4	26,595	95.309
5.	2008	41,425	31,740 .....	.....	.....	31,740	76.620	7,104	137	38,981	94.100

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005	X X X	1,691	3,116	3,102	3,167
4.	2006	X X X	X X X	15,603	17,760	19,047
5.	2007	X X X	X X X	X X X	18,739	26,391
6.	2008	X X X	X X X	X X X	X X X	31,740

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005	X X X	3,167	3,141	3,128	3,167
4.	2006	X X X	X X X	18,972	17,860	19,297
5.	2007	X X X	X X X	X X X	22,497	29,353
6.	2008	X X X	X X X	X X X	X X X	38,844

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2005	4,292	3,167 .....	.....	.....	3,167	73.788 .....	.....	.....	3,167	73.788
3.	2006	24,728	19,047 .....	.....	.....	19,047	77.026 .....	.....	.....	19,047	77.026
4.	2007	27,904	26,391 .....	.....	.....	26,391	94.578	200	4	26,595	95.309
5.	2008	41,425	31,740 .....	.....	.....	31,740	76.620	7,104	137	38,981	94.100

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building)			45,319		45,319
2.	Salaries, wages and other benefits	141,886		1,240,549		1,382,435
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed)			1,721,009		1,721,009
4.	Legal fees and expenses			11,677		11,677
5.	Certifications and accreditation fees			115,103		115,103
6.	Auditing, actuarial and other consulting services			115,102		115,102
7.	Traveling expenses			102,313		102,313
8.	Marketing and advertising			2,425,266		2,425,266
9.	Postage, express and telephone			191,837		191,837
10.	Printing and office supplies			115,102		115,102
11.	Occupancy, depreciation and amortization			230,205		230,205
12.	Equipment			63,946		63,946
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services			168,418		168,418
15.	Boards, bureaus and association fees			25,578		25,578
16.	Insurance, except on real estate			209,741		209,741
17.	Collection and bank service charges			25,578		25,578
18.	Group service and administration fees					
19.	Reimbursements by uninsured plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes			51,157		51,157
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			153,470		153,470
26.	Total expenses incurred (Lines 1 to 25)	141,886		7,011,370		(a) ... 7,153,256
27.	Less expenses unpaid December 31, current year			174,724		174,724
28.	Add expenses unpaid December 31, prior year					
29.	Amounts receivable relating to uninsured plans, prior year					
30.	Amounts receivable relating to uninsured plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	141,886		6,836,646		6,978,532
DETAILS OF WRITE-INS						
2501.	Office Supplies			153,470		153,470
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above)			153,470		153,470

(a) Includes management fees of \$.....5,350,263 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)..... 3,190	..... 38,710
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 242,146	..... 310,109
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income .....	..... 245,336	..... 348,819
11.	Investment expenses	(g)	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g)	
13.	Interest expense	(h)	
14.	Depreciation on real estate and other invested assets	(i)	
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16) .....	..... 348,819	
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(b) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued dividends on purchases.			
(c) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(d) Includes \$......0 for company's occupancy of its own buildings; and excludes \$......0 interest on encumbrances.			
(e) Includes \$......0 accrual of discount less \$......0 amortization of premium and less \$......0 paid for accrued interest on purchases.			
(f) Includes \$......0 accrual of discount less \$......0 amortization of premium.			
(g) Includes \$......0 investment expenses and \$......0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$......0 interest on surplus notes and \$......0 interest on capital notes.			
(i) Includes \$......0 depreciation on real estate and \$......0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection	146,146	1,303	(144,843)
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software			
19.	Furniture and equipment, including health care delivery assets			
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivables from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable	54,670		(54,670)
23.	Aggregate write-ins for other than invested assets	89,491	42,196	(47,295)
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	290,307	43,499	(246,808)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	290,307	43,499	(246,808)
DETAILS OF WRITE-INS				
0901.	.....		
0902.	.....		
0903.	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301.	Other Receivable	89,491	42,196	(47,295)
2302.	.....		
2303.	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	89,491	42,196	(47,295)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	11,162	11,234	11,538	11,928	12,516	138,157
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service	1,186	1,936	3,123	4,158	4,727	39,417
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	12,348	13,170	14,661	16,086	17,243	177,574
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

Note 1 – Nature of Business and Significant Accounting Policies

Total Health Care USA, Inc. (the "Company"), a not-for-profit corporation and wholly owned subsidiary of Total Health Care, Inc., operates as a state-licensed health maintenance organization (HMO) effective October 2005. The Company provides medical services to persons primarily in southeastern Michigan who subscribe as part of an employer group or as individuals.

Statutory Basis of Accounting – The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures manual and the statutory accounting principles as prescribed by Section 1007 of the Michigan statutes. Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as certain receivables from affiliates) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$290,000 and \$44,000 at December 31, 2008 and 2007, respectively. There are no significant differences between statutory accounting principles prescribed by NAIC and the State of Michigan accounting requirements that are applicable to the Company.

Cash and Short-term Investments – The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles.

Investments – Short-term investments and long-term certificates of deposit are recorded at amortized cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in net investment income on the statement of operations. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.

Revenue Recognition and Health Premiums Due and Unpaid – Subscriber premiums are recognized in the period that members are entitled to related health care services. A substantial portion of health premiums due and unpaid is due from third-party payors for subscribers located within southeastern Michigan. Health premiums due and unpaid are stated at invoice amounts. Unpaid invoices greater than 90 days old are treated as non-admitted for statutory accounting purposes.

Recognition of Medical and Hospital Expenses – Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Claims unpaid represent management's estimate of the ultimate cost to settle all claims incurred prior to year-end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at December 31, 2008 and 2007.

Notes to Financial Statement

Physician Group Contracts – The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. During 2007, the Company revised its physician group contracts. These contracts have a specialty claims incentive and pay-for-performance incentive. If the providers meet the incentives, they share in the savings and a payable is recorded. If the providers do not meet the incentives, they share in the excess costs and a health care receivable is recorded if deemed collectible by management. During 2008 and 2007, health care receivables and payables have been recorded from/to providers.

Hospital Group Contracts – The Company contracts with several hospitals and other groups. These contracts are paid under capitated fees or various other charge arrangements.

Malpractice Claims – The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

Employee Staffing and Purchased Services Agreement – The Company has an employee staffing and purchased services agreement with Total Health Care, Inc., its parent company, which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the board of directors of Total Health Care USA, Inc.

Income Taxes – Total Health Care USA, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

Funds Maintained Under Statutory Requirements – The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. Interest earned on these funds can be utilized by the Company. At December 31, 2008 and 2007, \$1,000,000 was held in a combination of cash and short-term investments to fulfill these requirements.

Use of Estimates – The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

Note 2 – Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Michigan. Effective January 1, 2003, the State of Michigan required that health maintenance organizations domiciled in the state of Michigan prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual in effect on January 1, 2003 subject to any deviations prescribed or permitted by the State of Michigan insurance commissioner. There was no impact

Notes to Financial Statement

on the statutory financial statements as a result of the accounting changes.

Note 3 – Business Combinations and Goodwill

This note is not applicable to the Company.

Note 4 – Discontinued Operations

This note is not applicable to the Company.

Note 5 – Investments

The Company does not have investments relating to mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreement, or real estate.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships, or limited liability companies.

Note 7 – Investment Income

The Company has no investment income due and accrued over 90 days past due.

Note 8 – Derivative Instruments

The Company does not invest in derivatives.

Note 9 – Income Taxes

This note is not applicable to the Company.

Note 10 – Information Concerning Parent, Subsidiaries, and Affiliates

The Company is a wholly owned subsidiary of Total Health Care, Inc., the parent company.

The Company has an employee, office space, and equipment leasing agreement with Total Health Care, Inc. The agreement calls for Total Health Care, Inc. to provide personnel, office space, and supplies necessary to the Company in order for the Company to carry out its HMO business operations. The agreement calls for the Company to pay Total Health Care, Inc. 14 percent of the Company's gross revenue from the second preceding month after certain deductions. During 2008 and 2007 the Company paid \$5,350,263 and \$3,645,083, respectively, related to this agreement.

Notes to Financial Statement

The Company's provider contracts are all negotiated in conjunction with Total Health Care, Inc., the Company's parent company. This contracting methodology ultimately produces a blended contract rate, which is higher than Total Health Care, Inc. would have incurred had it contracted for Medicaid members only, and a rate significantly lower than Total Health Care USA, Inc. could obtain for its commercial members. During 2007 an agreement was negotiated between the companies whereby the cost savings realized by the Company would be shared with Total Health Care, Inc., thus reducing some of the excess cost realized by Total Health Care, Inc. The amount of the adjustment for 2008 and 2007 was \$3,816,000 and \$3,819,089, respectively which has been recorded as an increase in hospital and medical expenses. Total Health Care, Inc. made capital contributions to the Company in 2008 and 2007 in the amounts of \$954,000 and \$3,819,089, respectively.

Note 11 – Debt

This note is not applicable to the Company.

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans

This note is not applicable to the Company.

Note 13 – Capital and Surplus, Stockholders' Dividend Restrictions, and Quasi-reorganizations

The portion of unassigned funds (surplus) represented or reduced by the change in non-admitted asset values is \$(246,808) and \$28,784 at December 31, 2008 and 2007, respectively.

Note 14 – Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company. No amounts have been accrued for losses as no losses are deemed probable or estimable. Estimated losses for claims-related matters are accrued as claims unpaid.

Note 15 – Leases

This note is not applicable to the Company.

Note 16 – Information about Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk

This note is not applicable to the Company.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Company.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

This note is not applicable to the Company.

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third-party

Notes to Financial Statement

Administrators

This note is not applicable to the Company.

Note 20 – Other Items

At December 31, 2008 and 2007 the Company had admitted assets of \$1,494,467 and \$825,179, respectively, in health premiums due and unpaid for amounts due from subscribers, governmental entities, and other health care providers. The Company routinely assessed the collectability of these receivables and directly wrote off any uncollectible receivables accordingly. Receivables greater than 90 days are considered non-admitted for statutory purposes.

The Company did not have activity relating to extraordinary items, troubled debt restructuring, multiple peril crop insurance, or mezzanine real estate loans during 2008 and 2007.

Note 21 – Events Subsequent

No unusual or material events have occurred subsequent to year end.

Note 22 – Reinsurance

A. Ceded Reinsurance Report

Section 1 1) Total Health Care USA, Inc. does not have any ownership, directly or indirectly, in any Schedule S non-affiliated company.

2) The Company does not have reinsurance policies with any companies chartered in a foreign country.

Section 2 1) The Company does not have any reinsurance agreements which may be unilaterally cancelled for reasons other than nonpayment of premiums.

2) The Company had reinsurance recoverable receivables of \$184,036 and \$0 recorded at December 31, 2008 or 2007.

Section 3 1) The estimated reduction in surplus is zero.

2) The Company has a new agreement with Evergreen Re effective November, 2008. The reinsurance policy provides the same coverage on an annual per member basis after a \$220,000 deductible is reached. The maximum lifetime reinsurance indemnity payable under each agreement is \$2,000,000 per member.

B. Uncollectible Reinsurance

Total Health Care USA, Inc. did not write off any reinsurance during the year 2008 or 2007.

C. Commutation of Ceded Reinsurance

Total Health Care USA, Inc. did not have any commutation of reinsurance during the year 2008 or 2007.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

This note is not applicable to the Company.

Note 24 – Change in Incurred Losses

Notes to Financial Statement

The estimated reserve for accrued health care costs payable, including known and unsettled claims, is determined by the Company. The method of making such estimates and for establishing the resulting reserves is continually reviewed and updated and any adjustments resulting therefrom are reflected in expense currently. The estimated reserve for claims incurred but not reported has been determined by an enrolled actuary.

Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Activity in the liability for claims unpaid, accrued medical incentive pools, and unpaid claims adjustment expense is summarized as follows:

	2008	2007
Balance – Beginning of year	\$ 3,937,727	\$ 3,465,069
Incurred related to current year	38,843,187	22,497,432
	119,595	
Prior years		(999,003)
Paid related to current year	31,904,898	18,840,375
Prior years	<u>3,551,201</u>	<u>2,185,396</u>
Reserve for claims – End of year	<u>\$ 7,444,410</u>	<u>\$ 3,937,727</u>

The 2008 and 2007 amounts incurred relating to prior years increased (decreased) due to claims settling for more or less than originally estimated.

Note 25 – Intercompany Pooling Arrangements

This note is not applicable to the Company.

Note 26 – Structured Settlements

This note is not applicable to the Company.

Note 27 – Health Care Receivables

The Company reports risk-sharing receivables and payables related to global capitation and specialty claims arrangements based upon the terms of its contracts.

Pharmaceutical rebates receivable at December 31, 2008 and 2007 were \$22,958 and 0, respectively. Rebates are netted with pharmacy expense. During 2008 and 2007, pharmacy rebates in the amount of \$73,362 and \$11,450, respectively, were collected.

Health care receivables include the following amounts related to Pharmaceutical rebates receivables:

Notes to Financial Statement

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/08	22,958	22,958	0	0	0
9/30/08	21,430	21,430	0	0	0
6/30/08	20,188	20,188	0	0	0
3/31/08	18,704	18,704	0	0	5,652
12/31/07	0	33,808	0	0	33,808
09/30/07	0	3,982	0	0	3,982
06/30/07	0	1,097	0	0	1,097
03/31/07	0	18,032	0	0	18,032
12/31/06	0	11,122	0	0	11,122
09/30/06	0	11,119	0	0	11,119
06/30/06	0	0	0	0	0
03/31/06	0	0	0	0	0

Health care receivables include the following amounts related to specialty pool receivables:

		<u>Risk Sharing</u>		<u>Risk Sharing</u>		<u>Actual Risk</u>		<u>Actual Risk</u>		<u>Actual Risk</u>
<u>Evaluation</u>		<u>Receivable</u>	<u>Receivable</u>	<u>Risk Sharing</u>	<u>Risk Sharing</u>	<u>Sharing</u>	<u>Sharing</u>	<u>Sharing</u>	<u>Sharing</u>	<u>Sharing</u>
<u>Period</u>		<u>as</u>	<u>as Estimated</u>	<u>Receivable</u>	<u>Receivable</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>
<u>Year</u>		<u>Estimated in</u>	<u>in the</u>	<u>Billed</u>	<u>Not Yet</u>	<u>Received in</u>	<u>Received</u>	<u>Received</u>	<u>Received</u>	<u>Received</u>
<u>Ending</u>		<u>the Prior</u>	<u>Current Year</u>		<u>Billed</u>	<u>Year Billed</u>	<u>First Year</u>	<u>Second Year</u>	<u>- All</u>	
<u>Year</u>		<u>Year</u>					<u>Subsequ</u>	<u>Subsequent</u>	<u>ent</u>	
2008	2008	\$ -	\$ 308,001	\$ -	\$ 308,001	\$ -	\$ -	\$ -	\$ -	
	2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2007	2007	\$ 81,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	2008	\$ -	\$ 10,202	\$ 91,918	\$ -	\$81,716	\$ -	\$ -	\$ -	
2006	2006	\$ 128,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	2007	\$ -	\$ -	\$128,944		\$128,944				
					\$ -		\$ -	\$ -	\$ -	

Note 28 – Participating Policies

This note is not applicable to the Company.

Note 29 – Premium Deficiency Reserves

This note is not applicable to the Company.

Note 30 – Anticipated Salvage and Subrogation

Loss reserves have not been reduced for any salvage or subrogation. During 2008 and 2007, the Company received subrogation totaling \$0 and \$258, respectively.

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2005
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 08/02/2007
- 3.4 By what department or departments? MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[] No[] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[] No[] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of: Yes[] No[X]
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of: Yes[] No[X]
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, 0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? PLANTE & MORAN, PLLC 2601 CAMBRIDGE COURT, SUITE 500, AUBURN HILLS, MI 48326
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? GREG FANN, WAKELY CONSULTING GROUP, 19321 US HIGHWAY 19 N, SUITE 515, CLEARWATER, FL 33764
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value \$ 0
- 11.2 If yes, provide explanation
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code.
- Yes[X] No[]
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?
- Yes[] No[X]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?
- Yes[] No[X]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?
- Yes[X] No[]
15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?
- Yes[X] No[]
16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes[X] No[]

FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes[] No[X]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
18.11 To directors or other officers
18.12 To stockholders not officers
18.13 Trustees, supreme or grand (Fraternal only)
- \$ 0
\$ 0
\$ 0
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
18.21 To directors or other officers
18.22 To stockholders not officers
18.23 Trustees, supreme or grand (Fraternal only)
- \$ 0
\$ 0
\$ 0
- 19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes[] No[X]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
19.21 Rented from others
19.22 Borrowed from others
19.23 Leased from others
19.24 Other
- \$ 0
\$ 0
\$ 0
\$ 0
- 20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?
- Yes[] No[X]
- 20.2 If answer is yes:
20.21 Amount paid as losses or risk adjustment
20.22 Amount paid as expenses
20.23 Other amounts paid
- \$ 0
\$ 0
\$ 0
- 21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes[X] No[]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$ 32,232

INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)
- Yes[X] No[]
- 22.2 If no, give full and complete information, relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)
- 22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes[] No[] N/A[X]
- 22.5 If answer to 22.4 is YES, report amount of collateral
- \$ 0
- 22.6 If answer to 22.4 is NO, report amount of collateral
- \$ 0
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).
- Yes[] No[X]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
23.21 Subject to repurchase agreements
23.22 Subject to reverse repurchase agreements
23.23 Subject to dollar repurchase agreements
23.24 Subject to reverse dollar repurchase agreements
23.25 Pledged as collateral
23.26 Placed under option agreements
23.27 Letter stock or securities restricted as to sale
23.28 On deposit with state or other regulatory body
23.29 Other
- \$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
\$ 0
- 23.3 For category (23.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?
- Yes[] No[X]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.
- Yes[] No[] N/A[X]
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?
- Yes[] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year.
- \$ 0

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[]

1 Name of Custodian(s)	2 Custodian's Address
COMERICA BANK - LYNN HUTZEL-UISEL	611 WOODWARD AVE., DETROIT, MI 48226
FIRST INDEPENDENCE NAT'L BANK - RHONDA PUGH	44 MICHIGAN AVE., DETROIT, MI 48226
SMITH BARNEY - ALBERT BERGER	101 W BIG BEAVER RD., TROY, MI 48084

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes[] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes[] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
27.2999 Total

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds	9,845,263	9,845,263	.....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals	9,845,263	9,845,263	.....

- 28.4 Describe the sources of methods utilized in determining the fair values
- BANK STATEMENTS

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 29.2 If no, list exceptions:
- N/A
- Yes[] No[X]

OTHER

- 30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?
- \$..... 0

GENERAL INTERROGATORIES (Continued)

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

31.1 Amount of payments for legal expenses, if any? \$..... 11,677

31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
NUYEN, TOMTISHEN AND AOUN, P.C. ....	..... 9,886

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 0

32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

FIVE-YEAR HISTORICAL DATA

	1 2008	2 2007	3 2006	4 2005	5 2004
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	15,267,118	15,151,690	8,388,273	4,351,663	221,402
2. Total liabilities (Page 3, Line 22)	8,778,544	5,089,163	4,187,454	1,743,435	
3. Statutory surplus	6,488,574	10,062,527	4,200,819	2,015,816	
4. Total capital and surplus (Page 3, Line 31)	6,488,574	10,062,527	4,200,819	2,608,228	221,402
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	41,425,068	27,904,252	24,728,231	4,292,373	
6. Total medical and hospital expenses (Line 18)	38,901,775	21,490,189	18,951,789	3,166,970	
7. Claims adjustment expenses (Line 20)	141,886	92,993	464,376	66,335	
8. Total administrative expenses (Line 21)	7,011,370	4,609,304	3,802,636	83,438	
9. Net underwriting gain (loss) (Line 24)	(4,629,963)	1,711,766	1,509,430	975,630	
10. Net investment gain (loss) (Line 27)	348,819	302,069	51,797	14,093	
11. Total other income (Lines 28 plus 29)			750		
12. Net income or (loss) (Line 32)	(4,281,144)	2,013,835	1,561,977	989,723	
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	(1,850,544)	3,279,549	3,850,005		
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	6,488,574	10,062,527	4,200,819	2,608,228	
15. Authorized control level risk-based capital	2,053,168	1,262,276	1,086,882	1,007,908	
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	17,243	12,348	9,567	9,152	
17. Total members months (Column 6, Line 7)	177,574	126,669	114,179	19,150	
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	93.9	77.0	76.6	73.8	
20. Cost containment expenses	0.3	0.3	1.9	1.5	
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	111.2	93.9	93.9	77.3	
23. Total underwriting gain (loss) (Line 24)	(11)	6	6	23	
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	3,751,201	2,285,396	1,455,825		
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	3,857,942	3,393,524	1,475,539		
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31					

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	41,643,017						41,643,017	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Marianas Islands (MP)	N								
57.	Canada (CN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	41,643,017						41,643,017	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) ... 1	41,643,017						41,643,017	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: ALL PREMIUMS ARE WRITTEN WITHIN THE STATE OF MICHIGAN.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

TOTAL HEALTH CARE, INC. – PARENT
38-2018957, NAIC #95644, STATE OF MICHIGAN

TOTAL HEALTH CARE USA, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.
38-3240485, NAIC #12326, STATE OF MICHIGAN

TOTAL HEALTH CHOICE, INC. – WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.
33-0603319, NAIC #95134, STATE OF FLORIDA

INDEX TO HEALTH
ANNUAL STATEMENT

Exhibit of Nonadmitted Assets	16
Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 - Enrollment By Product Type for Health Business Only	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid	18
Exhibit 3 - Health Care Receivables	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries	23
Exhibit 8 - Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Premiums, Enrollment and Utilization (State Page)	29
Five-Year Historical Data	28
General Interrogatories	26
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	41
Schedule A - Part 1	E01
Schedule A - Part 2	E02
Schedule A - Part 3	E03
Schedule A - Verification Between Years	SI02
Schedule B - Part 1	E04
Schedule B - Part 2	E05
Schedule B - Part 3	E06
Schedule B - Verification Between Years	SI02
Schedule BA - Part 1	E07
Schedule BA - Part 2	E08
Schedule BA - Part 3	E09
Schedule BA - Verification Between Years	SI03
Schedule D - Part 1	E10
Schedule D - Part 1A - Section 1	SI05
Schedule D - Part 1A - Section 2	SI08
Schedule D - Part 2 - Section 1	E11
Schedule D - Part 2 - Section 2	E12
Schedule D - Part 3	E13
Schedule D - Part 4	E14
Schedule D - Part 5	E15
Schedule D - Part 6 - Section 1	E16
Schedule D - Part 6 - Section 2	E16
Schedule D - Summary By Country	SI04
Schedule D - Verification Between Years	SI03
Schedule DA - Part 1	E17
Schedule DA - Verification Between Years	SI11
Schedule DB - Part A - Section 1	E18
Schedule DB - Part A - Section 2	E18
Schedule DB - Part A - Section 3	E19
Schedule DB - Part A - Verification Between Years	SI12
Schedule DB - Part B - Section 1	E19
Schedule DB - Part B - Section 2	E20
Schedule DB - Part B - Section 3	E20
Schedule DB - Part B - Verification Between Years	SI12
Schedule DB - Part C - Section 1	E21
Schedule DB - Part C - Section 2	E21
Schedule DB - Part C - Section 3	E22

INDEX TO HEALTH
ANNUAL STATEMENT

Schedule DB - Part C - Verification Between Years	SI13
Schedule DB - Part D - Section 1	E22
Schedule DB - Part D - Section 2	E23
Schedule DB - Part D - Section 3	E23
Schedule DB - Part D - Verification Between Years	SI13
Schedule DB - Part E - Section 1	E24
Schedule DB - Part E - Verification	SI13
Schedule DB - Part F - Section 1	SI14
Schedule DB - Part F - Section 2	SI15
Schedule E - Part 1 - Cash	E25
Schedule E - Part 2 - Cash Equivalents	E26
Schedule E - Part 3 - Special Deposits	E27
Schedule E - Verification Between Years	SI16
Schedule S - Part 1 - Section 2	30
Schedule S - Part 2	31
Schedule S - Part 3 - Section 2	32
Schedule S - Part 4	33
Schedule S - Part 5	34
Schedule S - Part 6	35
Schedule T - Part 2 - Interstate Compact	37
Schedule T - Premiums and Other Considerations	36
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group	38
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates	39
Statement of Revenue and Expenses	4
Summary Investment Schedule	SI01
Supplemental Exhibits and Schedules Interrogatories	40
Underwriting and Investment Exhibit - Part 1	8
Underwriting and Investment Exhibit - Part 2	9
Underwriting and Investment Exhibit - Part 2A	10
Underwriting and Investment Exhibit - Part 2B	11
Underwriting and Investment Exhibit - Part 2C	12
Underwriting and Investment Exhibit - Part 2D	13
Underwriting and Investment Exhibit - Part 3	14